

ABSTRACT

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1

G.O.Rt.No.630,

Read the following:-

- 1) Appeal petition filed by M/s. KCP Sugars & Industries Corpn. Limited, Lakshmipuram Dt.8.8.2011 before the Appellate authority ie., Govt. of AP in Inds. & Com. Deptt.
- 2) Govt.Memo.No.11795/Sug/A1/2011-1, Dt.17.8.2011.
- 2) From the COS & CC, AP, Hyderabad, Lr.Rc.No.C1/2496/2011, Dt.1.10.2011.

3. The Commissioner of Sugar & Cane Commissioner, AP, Hyderabad in the reference 3rd read above has informed that (3) Cooperative Sugar Factories (CSFs) viz., (1) Cuddapah CSF, (2) NVR CSF and (3) Nizamabad CSF did not function due to stringent financial problems and shortage of sugarcane. M/s. NVR & ADR Cooperative Sugars Limited, Jampani is one among them not functioning during 2008-2009, 2009-2010 and 2010-2011 crushing seasons. The cane growers of M/s. NVR & ADR Coop. Sugar Factory, Jampani area have represented to the Hon'ble Chief Minister, Government and Commissioner of Sugar & Cane Commissioner through their public representatives for allotment of their Mandals to the neighboring units of M/s. KCP Ltd., at Laxmipuram and Vuyyuru. It was decided in the review meeting held by the then Hon'ble Chief Minister on 27th July' 2009 to divert the available sugarcane in the zone areas of non-functioning to the neighboring sugar factories in the interest of the farmers and to temporarily allot the zone areas to the neighboring sugar factories, to maintain the cane area in the zones until the crushing is taken up by the

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said Cooperative Sugar Factories. Accordingly, Government have issued instructions to permit the Kadapa, NVR & ADR and Nizamabad Cooperative Sugar Factories for diversion of sugar cane to the neighboring factories for the ensuing season 2009-10. Pursuant to the said orders of the Government, the Commissioner of Sugar & Cane Commissioner has convened a meeting with the representatives of cane growers, Asst. General Manager (Cane), KCP Sugar & Inds. Corpn. Ltd, Lakshmipuram, Krishna District and Assistant Cane Commissioners of Nellore and Vuyyuru and allotted 25 Mandals of M/s. NVR CSF among (2) units of M/s. KCP Sugars Ltd., i.e., (9) Mandals to Lakshmipuram unit and (16) Mandals to Vuyyuru unit in the interest of the cane growers vide proceedings Dt:14-05-2010 and 03-09-2010 respectively purely on temporary basis to develop and draw sugarcane to stabilize the sugarcane area in the zone area of the CSF with the following conditions:

- (i) M/s. KCP Ltd., Lakshmipuram shall not claim for allotment of the Mandals on permanent basis in future intimating that the Mandals can be re-allotted to the M/s. NVR CSF whenever, the CSF re-starts its crushing operations.
- (ii) M/s. KCP Ltd., Vuyyuru has no right to claim for allotment of the Mandals on permanent basis in future.

4. The Commissioner of Sugar & Cane Commissioner, Hyderabad has further stated that the Government have sanctioned financial assistance of Rs.508 lakhs to M/s. NVR CSF vide G.O.Rt.No.84, Dt:07.02.2011 to take up cane development for re-starting of crushing operations from 2011-2012 season, based on the remarks of the Assistant Cane Commissioner, Nellore as per the request made by the Managing Director, NVR & ADR Coop. Sugar Factory and as per the powers conferred on the Cane Commissioner under Section 15 of A.P. Sugarcane (RS & P) Act, 1961, the Cane Commissioner vide his office Proceedings, Dt:26-07-2011 has cancelled the earlier orders issued on 14-05-2010 and 03-09-2010 in favour of KCP Ltd on temporary allotment of Mandals. Subsequently, the factory zone of M/s. NVR & ADR CSF was declared with 26 mandals of Guntur District for 5 seasons from 2011-12 onwards vide Procds. Dated:01-08-2011.

5. Therefore, the action of the Cane Commissioner in canceling the temporary allotment of mandals to M/s. KCP Ltd, is in accordance with the provisions of A.P. Sugarcane (RS & P) Act & Rules, 1961 and there is no violation of principles of natural justice. In view of non-functioning of the CSF and expiry of its zonal period, as per the request made by the cane growers only, temporary arrangement was made on allotment of Mandals to the 2 units of KCP Ltd subject to the said conditions, since M/s. KCP Ltd has drawn major quantity of sugarcane in the area of M/s. NVR & ADR Coop. Sugar Factory to meet its requirement during 2008-09, 2009-2010 and 2010-2011 seasons.

6. The Commissioner of Sugar & Cane Commissioner, Hyderabad has further stated that as per Section 15 of the A.P. Sugarcane (RS&P) Act, 1961, the Cane Commissioner is the competent authority to declare any area as the factory zone of the sugar factory for the purpose of supply of cane to the sugar factory during 5 crushing seasons immediately following the date of the order and may, likewise at any time, cancel such order or alter the boundaries of the area so declared.

7. The contention of the appellant that they have started cane development activities in the allotted mandals by providing inputs in kind and cash on receipt of the orders from the Cane Commissioner, is not at all tenable, as they have done it on their own and the allotment of mandals, was made only on temporary basis and they were also intimated that the mandals can be re-allotted to the NVR & ADR CSF whenever the CSF re-starts its crushing operations. Further, it is to submit that the action of the

Cane Commissioner to cancel the temporary allotment of mandals to M/s. KCP Ltd, is according to the provisions of A.P. Sugarcane (RS & P) Act & Rules, 1961 for declaration/renewal of factory zone **is only to restore the old zone area** to NVR & ADR Cooperative Sugar Factory. Not a fresh zone declaration. On the other hand, the Units of M/s. KCP Sugars Ltd are having large areas for the cane development under their jurisdiction which are as follows:

Sl. No.	Name of the SF	No. of Mandals	No. of Villages
1	KCP Ltd., Lakshmipuram	09	92
2	KCP Ltd., Vuyyuru	20	234

10. The Commissioner of Sugar & Cane Commissioner has informed that in 2006-2007 season, following is the performance:

Sl. No	Name of the SF	Minimum requirement of cane as per capacity (lakh MTs)	Actual cane crushed (in lakh MTs)
1	KCP Ltd., Lakshmipuram	5.20	4.53
2	KCP Ltd., Vuyyuru	11.05	12.21

9. The above information clearly shows that without the cane of temporary allotted Mandals of M/s. NVR & ADR Cooperative Sugar Factory in the past, the Units of M/s. KCP Sugars Ltd have crushed cane in huge quantity which altogether is coming to about 17.00 lakh MTs of cane in one season. It also, shows that there is potentiality to develop sugarcane in their own factory zones. But, these factories instead of developing cane in their own areas, are in the habit of drawing the cane from the NVR & ADR Cooperative Sugar Factory area. The appellant factory can invest huge amounts for cane development in their own zone area whenever required, since every sugar factory is having separate operational area, as per the zonal allotment. If, M/s. NVR CSF does not re-starts it's regular crushing operations from 2011-2012 season, the unit may become sick and entire machinery may come down to the dismantling stage. If this happens, those who are depending on the CSF directly and indirectly ie., the employees/workers; farmers etc. may face lot of difficulty to lead their lively hood. In long run, keeping the interest of the farmers and employees/workers, Government has taken a positive decision to re-start the CSF from 2011-2012 crushing season by extending financial assistance.

10. After release of financial assistance of Rs.508 lakhs to M/s NVR & ADR Coop. Sugars Ltd., as per sanction made by the Government in G.O.Rt.No.84, dated: 07.02.2011, the Commissioner of Sugar & Cane Commissioner has permitted the Managing Director of the Coop. Sugar Factory by instructing to incur the expenditure for the following items jointly in consultation with the Assistant Cane Commissioner, Nellore and utilize the amount strictly as per Government orders for which it is sanctioned, based on the reports of the Managing Director of NVR & ADR Coop. Sugar Factory and Asst. Cane Commissioner, Nellore:

- i) Out of Rs.180.00 lakhs, permitted the CSF to utilise Rs.140.00 lakhs for providing subsidy against cane supply from an area of 2,276 acres (about 70,000 MTs of production of cane) to the cane growers for 2011-2012 season and utilise balance amount of Rs.40.00 lakhs towards cane development for 2012-2013 crushing season.

- ii) Rs.45.00 lakhs towards Crop loan for fertilizers & crop management;
- iii) Rs.100.00 lakhs towards Repairs & Maintenance and over-hauling works;
- iv) Statutory payments Rs.146.30 lakhs towards employees arrears, material suppliers, Panchayat tax, CDC payment and other Insurance premium payments.

11. The action taken by the Commissioner of Sugar & Cane Commissioner, Hyderabad on cancellation of the temporary allotment to KCP Ltd., Lakshmipuram and Vuyyuru and declaration of factory zone to M/s. NVR & ADR CSF is legal and not arbitrary and also not contrary to the provisions of A.P. Sugarcane (RS & P) Act, 1961.

12. There is every necessity to motivate the cane farmers in the zone to make the functioning of the CSF viable, since the establishment of sugar factory now a days involves huge investment.

13. Government after careful examination of the appeal petition filed by M/s. KCP Sugars & Industries Corporation Limited, Lakshmipuram, Krishna District to set aside the Procds. of the Commissioner of Sugar & Cane Commissioner, AP, Hyderabad issued in Rc.No.C1/2397/2010, Dt.26.7.2011 and it observed that the NVR & ADR Coop. Sugar Factory, Jampani has been re-started and factory zone has been re-notified by the Commissioner of Sugar & Cane Commissioner as per law. Moreover the petitioner's factory themselves have agreed for the conditions that they will not claim for allotment of the Mandals on permanent basis in future and these mandals can be re-allotted to the NVR & ADR Coop. Sugar Factory whenever restarts its crushing operations. Thus it clearly shows that the petitioner factory has no right to claim for allotment of the mandals on permanent basis in future. Therefore, Government hereby rejected the appeal petition filed by M/s. KCP Sugars & Industries Corpn. Limited, Lakshmipuram, Krishna District as there are no valid merits on the appeal petition filed by the petitioner's factory.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**T.S.APPA RAO,
PRINCIPAL SECRETARY TO GOVERNMENT &
COMMISSIONER FOR INDUSTRIAL PROMOTION.**

To

M/s. KCP Sugars & Industries Corpn. Limited, Lakshmipuram, Krishna District.

Copy to:

The Commissioner, of Sugar & Cane Commissioner, AP, Hyderabad.

The Managing Director, The NVR & ADR Coop. Sugars Limited, Jampani, Vemuru Mandal, Guntur District.

SF/SC-2.

//FORWARDED::BY ORDER//

SECTION OFFICER.